

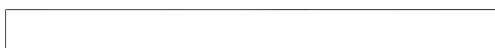
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The President's Daily Brief

April 13, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

April 13, 1974

PRINCIPAL DEVELOPMENTS

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Both the timing and the brevity of Syrian President Asad's discussions in Moscow suggest that he accepted Moscow's invitation mainly to soothe Soviet sensitivities about the Washington disengagement talks. (Page 2)

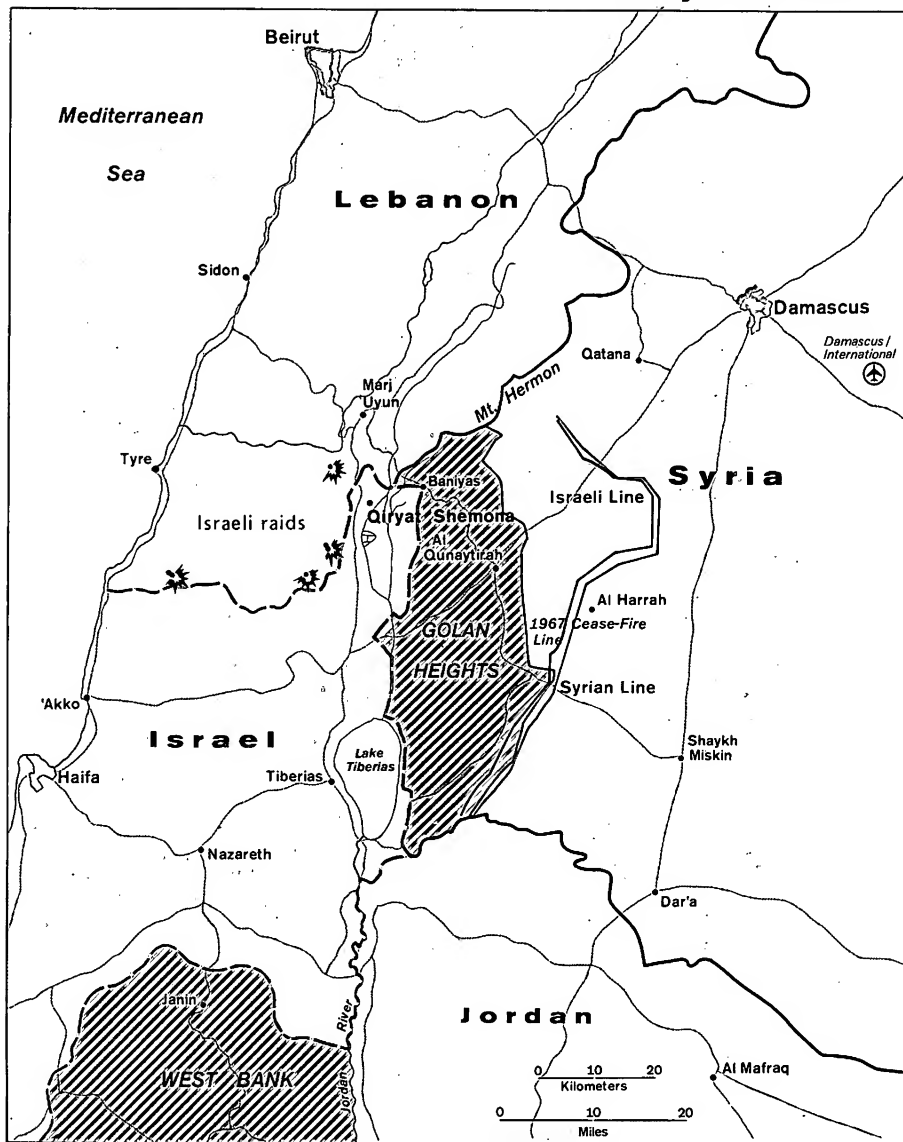
European central bankers have indicated that concern over an election victory by Socialist candidate Mitterrand could lead to sizable capital movements from France. (Page 3)

Khmer Communist ground attacks have slackened around Kampot in the past few days, but the southwestern coastal city remains under heavy siege. (Page 4)

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The Syrian Front



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ISRAEL-SYRIA

Israeli troops raided Lebanon last night in retaliation for the terrorist attack Thursday on the border settlement of Qiryat Shemona. The Israelis destroyed houses allegedly used by fedayeen, and seized six border villages before withdrawing after a few hours.

The attack was not as harsh as the Lebanese expected. Tel Aviv avoided larger scale retaliation, presumably because of concern over the fate of two Israeli pilots held in Lebanon and the effect more serious attacks might have on peace negotiations.

Earlier yesterday, Syrian troops tried unsuccessfully for the second time in a week to establish positions in the Mount Hermon area. Heavy exchanges of tank and artillery fire were also reported along the battle lines by both Damascus and Tel Aviv.

Military authorities in Tel Aviv asserted that a ten-man Syrian commando group attempted to take a post on Mount Hermon overlooking Israeli positions. The Israelis say that artillery fire forced the Syrians to withdraw. Last Saturday, the Israelis used air strikes to dislodge a 40-man Syrian unit from the same area.

Israeli aircraft were active yesterday over northern Israel and the Golan Heights.

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The daily exchanges of fire along the battle line, the Syrian ground probes of Israeli positions, the fedayeen attack on Qiryat Shemona, and Israel's retaliation are keeping forces on both sides edgy. The increase in Syrian air activity reflects Damascus' uncertainty as to Israeli intentions in the wake of the Qiryat Shemona attack.

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SYRIA-USSR-EGYPT

Syrian President Asad concluded his talks with Soviet leaders yesterday. Both the timing and the brevity of the discussions suggest that he accepted Moscow's invitation mainly to soothe Soviet sensitivities about the Washington disengagement talks. Asad probably also hoped to take advantage of the current strains in Soviet-Egyptian relations to strengthen Soviet support for Syria's negotiating stance and to press Moscow for more military assistance.

In sharp contrast to the recent public attitude of Egyptian President Sadat, Asad was extremely complimentary to the Soviets. At a banquet in his honor Thursday evening, Asad said Syria was eager to expand cooperation with the Soviet Union and to strengthen the two countries' friendship. In addition, he thanked the Soviets for their "constant support" of Syria's objectives in the struggle against Israel.

Moscow gave Asad red-carpet treatment, and the three top Soviet leaders were present for the talks. At a luncheon speech yesterday, President Podgorny referred to agreements with Syria, but no details are available. An end-of-the-visit communiqué has already been approved, although it probably will not be issued until after Asad leaves.

In his dinner speech Thursday night, Brezhnev made no effort to hide his displeasure with Egyptian and US diplomacy. Referring to the bilateral disengagement negotiations, he criticized "ersatz-plans" aimed at replacing an overall settlement with "partial" agreements. He stressed once again that the Geneva Conference has been set up as the authoritative international forum and it is only there that a settlement "can and must" be worked out.

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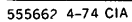
FRANCE

European central bankers at a closed meeting in Basel on April 9 indicated that investors' fears of an election victory by Socialist candidate Francois Mitterrand could lead to sizable capital movements from France. Investors believe that a Mitterrand victory will lead to greater government control of the economy and are seeking safer havens for their funds now, before new capital controls can be imposed. Similar fears during the last presidential election resulted in pressure on the franc.

Substantial movements of capital from France have already begun.

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Large transfers to Switzerland also have been reported. If this trend continues, Paris will have only two options: to accept a weaker franc until after the election or to intervene in the foreign exchange markets and deplete France's foreign exchange reserves.



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NOTES

Cambodia: Khmer Communist ground attacks have slackened around Kampot in the past few days, but the southwestern coastal city remains under heavy siege. Communist gunners are still blockading Kampot's main outlet to the sea and are shelling government positions daily. Government morale is holding up well, however. Reinforcements continue to work their way overland from the coast and the Cambodian Air Force is providing effective support. The Communists have been keeping heavy pressure on Kampot for over a month now, and the steady expenditure of ammunition and supplies may be taxing their logistic system. They show no signs of abandoning their campaign, however.

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